

Message Text

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ACTION STR-06

INFO OCT-01 STRE-00 ISO-00 IO-13 OIC-02 AF-10 ARA-10
EA-10 EUR-12 NEA-10 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 SOE-02
OMB-01 DOE-11 /156 W
-----030414 261612Z /40

P 261519Z JAN 78

FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 5168
INFO ALL OECD CAPITALS
AMEMBASSY BELGRADE
AMEMBASSY BRASILIA
AMEMBASSY BUENOS AIRES
AMEMBASSY MEXICO
AMEMBASSY NEW DELHI

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E.O.11652:N/A
TAGS: MTN, ETRD
SUBJECT: MTN: FINAL BARGAINING PHASE BEGINS

1. KEY COUNTRY REPRESENTATIVES, INCLUDING U.S. AMBASSADOR STRAUSS, EC COMMISSION VICE PRESIDENT HAFERKAMP, AND JAPANESE MINISTER USHIBA, MARKED OPENING OF FINAL MTN BARGAINING PHASE AT MEETING JANUARY 23. STATEMENTS OF BIG 3 REPS (TEXTS SENT SEPTELS) ALL CITED CRITICAL NEED TO LIBERALIZE AND IMPROVE WORLD TRADING SYSTEM, AND PLEDGED THAT THEIR GOVERNMENTS HAD AND WOULD USE THE POLITICAL WILL
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NECESSARY TO ACHIEVE A TIMELY AND SUCCESSFUL CONCLUSION. YUGOSLAVIA MTN DEL (TOMIC) (STATEMENT SENT SEPTTEL), SPEAKING FOR LDC PARTICIPANTS, AFFIRMED LDC WILLINGNESS TO PLAY CONSTRUCTIVE ROLE IN FINAL PHASE, BUT CAUTIONED DC'S AGAINST ACCELERATING WORK AT THE EXPENSE OF VITAL LDC NEGOTIATING OBJECTIVES.

2. STATEMENTS BY 15 OTHER LDC'S EXPANDED UPON GENERAL STATEMENT BY TOMIC. MAJOR THEMES SUMMARIZED BELOW.

3. STATEMENTS BY SIX OTHER DC'S WERE PRIMARILY DEVOTED TO DESCRIPTION AND STATUS OF SPECIFIC OFFERS:

A. NORDICS (BRATTSTROM OF SWEDEN) STATED INTENT TO BASE INDUSTRIAL TARIFFS OFFER ON SWISS FORMULA USING FACTOR 16, WITH A MINIMUM OF EXCEPTIONS. (COMMENT: HE DID NOT SPECIFY AT WHAT POINT EXCEPTIONS WOULD BE MADE KNOWN.) NORDICS REJECT CONCEPTS OF NO NET EXCEPTIONS AND ADJUSTMENT FACTOR AS RUNNING COUNTER TO CONCEPTS OF HARMONIZATION AND SPECIAL NEEDS OF LOW TARIFF COUNTRIES AS RECOGNIZED IN PREVIOUS NEGOTIATIONS. HE CONFIRMED THAT ICELAND WOULD NOT APPLY FORMULA, BUT WOULD TABLE POSITIVE LIST OF OFFERS SHORTLY. NORDIC AGRICULTURE OFFERS WOULD BE TABLED IN TWO WEEKS. NORDICS INTEND TO SUBMIT TARIFF REQUESTS OF NONFORMULA DC'S IN THE NEAR FUTURE.

B. SWITZERLAND (AMBASSADOR JOLLES) SAID POSITIVE RESULTS OF TOKYO ROUND COULD ONLY BE FULLY REALIZED IF STABILITY WAS ASSURED IN FINANCIAL MARKETS. ON SWISS TARIFF OFFERS, SPECIFIC DETAILS WOULD BE MADE KNOWN SHORTLY. EVERY EFFORT WAS BEING MADE TO ENTER THE NEGOTIATIONS WITHOUT EXCEPTIONS. JOLLES SINGLED OUT SUBSIDIES AS AREA FUNDAMENTAL TO THE SUCCESS OF THE NEGOTIATION, AND URGED LIMITED OFFICIAL USE

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THAT CONSIDERABLY MORE TIME AND EFFORT BE SPENT IN THIS AREA. IN AGRICULTURE, THE SWISS SUPPORTED THE CONCEPT OF MULTILATERAL SOLUTIONS IN DAIRY AND MEAT AS WELL AS RENEWED AND EXPANDED GRAINS NEGOTIATIONS.

C. AUSTRIA (WILENPART) STATED INTENT TO TABLE TARIFFS OFFER ON THE BASIS OF A HARMONIZATION FORMULA "TO BE GENERALLY AGREED". REQUESTS OF AUSTRIA IN AGRICULTURE AND NTM'S WERE CURRENTLY UNDER CONSIDERATION IN VIENNA, AND EVERY EFFORT WOULD BE MADE TO RESPOND TO THOSE REQUESTS IN THE NEAR FUTURE. AUSTRIA IS DEEPLY CONCERNED THAT SOLUTIONS TO SAFEGUARDS AND SUBSIDIES/COUNTERVAILING DUTIES WERE, IN THEIR VIEW, LAGGING BEHIND IN THE NEGOTIATIONS.

D. AUSTRALIA (AMBASSADOR FOGARTY) STATED THAT WHILE GOA WAS WILLING TO MOVE INTO THE FINAL BARGAINING STAGE OF THE NEGOTIATIONS, IT COULD NOT SAY THAT ADEQUATE ACCOUNT HAD YET BEEN TAKEN OF THE FACT THAT MORE THAN 50 PERCENT OF AUSTRALIA'S EXPORTS WERE IN THE AGRICULTURAL FIELD. THE ABILITY OF AUSTRALIAN DELEGATION TO NEGOTIATE ON THEIR OWN IMPORT REGIME STILL DEPENDED

UPON CONCRETE SOLUTIONS BEING FOUND IN THE AGRICULTURAL FIELD. AUSTRALIA REMAINS SKEPTICAL REGARDING ITEM-BY-ITEM APPROACH IN AGRICULTURE AND WOULD FIRST ANALYZE SPECIFIC AG OFFERS BEFORE REACHING FINAL DECISIONS ON WHAT OFFERS THEY COULD MAKE IN THE INDUSTRIAL SECTOR.

E. NEW ZEALAND (AMBASSADOR FARNON) STATED THAT NEW ZEALAND COULD NOT BE AN INDUSTRIAL TARIFF FORMULA COUNTRY IN LIGHT OF ITS HIGH CONCENTRATION OF EXPORTS IN THE AGRICULTURAL SECTOR. HOWEVER, WELLINGTON WAS NOW IN THE PROCESS OF FINALIZING A POSITIVE LIST OF INDUSTRIAL TARIFF OFFERS WHICH WOULD BE TABLED SHORTLY. FOR PRODUCTS NOT COVERED BY THIS OFFER LIST, NEW ZEALAND WOULD ACCEPT AND CONSIDER SPECIFIC REQUESTS. THE NEW ZEALAND RESPONSE TO LIMITED OFFICIAL USE

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REQUESTS IN AGRICULTURE AND NTM'S WOULD BE TABLED SHORTLY.

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SS-15 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 SOE-02
OMB-01 DOE-11 /156 W

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FM USMISSION GENEVA
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F. CANADA (AMBASSADOR WARREN) STATED THAT THE CANADIAN OFFERS IN THE INDUSTRIAL SECTOR HAVE BEEN TABLED IN THE FORM OF TWO PAPERS: ONE COVERING THEIR ADHERENCE TO A HYPOTHESIS FOR INDUSTRIAL TARIFF REDUCTIONS, AND ANOTHER ON LIBERALIZATION IN RESOURCE BASED SECTORS. WARREN'S COMMENTS FOLLOWED CLOSELY THE TEXT OF THESE PAPERS (COPIES HANDCARRIED TO WASHINGTON BY WYNNE AND WOLFF).

4. THERE FOLLOW KEY THEMES HIGHLIGHTED BY LDC SPOKESMEN: (ARGENTINA, BANGLADESH, BRAZIL, CENTRAL AMERICAN COMMON MARKET, EGYPT, ETHIOPIA, INDIA, INDONESIA, ISRAEL, LIMITED OFFICIAL USE

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MALAYSIA, MEXICO, NIGERIA, PAKISTAN, ROUMANIA, SENEGAL).

5. APPRECIATION THAT NEGOTIATIONS WERE BEING SPEEDED UP, BUT APPREHENSION THAT THEY NOT GO SO FAST AS TO OVERLOOK LDC INTERESTS.

6. --APPRECIATION FOR DC OFFERS WHICH DEVELOPING COUNTRIES WOULD ANALYZE ANWITH HELP OF GATT SECRETARIAT).
--DISAPPOINTMENT THAT OFFERS HAD BEEN TABLED WITHOUT AGREEMENT ON A TARIFF NEGOTIATING PLAN, THEREBY BREECHING EARLIER AGREEMENT THAT SPECIAL AND DIFFERENTIAL TREATMENT FOR LDC'S WOULD BE AGREED TO NO LATER WHEN TARIFF PLAN AGREED TO.
--FEAR THAT LDC'S WERE BEING KEPT IN DARK AND CONSIDERED MARGINAL TO NEGOTIATION; THAT MULTILATERAL ASPECTS OF NEGOTIATIONS WERE BEING IGNORED WHILE DEALS WERE BEING STRUCK BILATERALLY AMONG PRINCIPAL DC'S WHO WOULD APPROPRIATE BENEFITS OF TRADE LIBERALIZATION TO THEMSELVES THUS FURTHER ACCENTUATING GAP BETWEEN RICH AND POOR COUNTRIES AND REPEAT EXPERIENCE OF KENNEDY ROUND FROM WHICH LDC'S DID NOT BENEFIT.
--LDC'S HAD ALREADY MADE CONTRIBUTIONS TO NEGOTIATIONS, INCLUDING ABSORBING NEGATIVE RESULTS OF NEGOTIATIONS IN ONE SECTOR (TEXTILES), AND WOULD SUFFER EROSION OF EXISTING PREFERENTIAL MARGINS IN EC-ACP ARRANGEMENTS AS WELL AS GENERAL GSP.
--MANY ADVANCED LDC'S REAFFIRMED THEIR WILLINGNESS TO MAKE CONTRIBUTIONS TO THE NEGOTIATIONS AS A WHOLE IF THEIR PARTICULAR TRADE INTERESTS WERE TAKEN INTO ACCOUNT.
--LDC'S WERE UNHAPPY WITH LIMITED RESULTS RECEIVED IN TROPICAL PRODUCTS NEGOTIATIONS TO DATE.
--IMPORTANCE OF RENEWING FAITH OF LDC'S IN GATT AS A

FORUM THAT CAN HELP RESOLVE THEIR TRADE PROBLEMS AND
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IMPORTANCE OF WORK UNDERWAY IN FRAMEWORK GROUP.

7. DRAFTED BY KNEPPER AND MARSH. MCDONALD

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Message Attributes

Automatic Decaptioning: X
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Draft Date: 26 jan 1978
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Decaption Note:
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Secure: OPEN
Status: NATIVE
Subject: MTN: FINAL BARGAINING PHASE BEGINS
TAGS: ETRD, MTN
To: STATE
Type: TE
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